

GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Agricultural Marketing Department – Settlement of storage charges arrears between Investors and A.P. State Warehousing Corporation under Seven years guarantee scheme -- Orders – Issued.

AGRICULTURE AND COOPERATION (A.M.1) DEPARTMENT

G.O.Rt.No. 616

Dated :31 -05-2011

Read the following :

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- 1 .G.O.Rt.No.1386, Agriculture & Cooperation (Mktg.1) Deptt., dt.02.11.2007.
2. From the M.D.,APSWC.No.SWC/CS2/0422/ Const Pvt. Parties/2000-01, dt.24.09.2010.
3. Govt Lr.No.6078/AM.1(.1)/2009, dated.18.04.2011.
4. From the A.P.High Court orders dt.25.04.2011 in WP.No .13976/2009 and orders dt.30.4.2011 in WP No.17023/2009.

ORDER:

In the G.O. 1st read above, orders have been issued for release of 93 ps.per 50Kg bag/per month, to the investors by A.P. State Warehousing Corporation as agreed to in the meeting held on 21.3.2007 in the presence of the then Hon'ble Minister of Marketing and Warehousing in which the Managing Director of A.P. State Warehousing Corporation, General Manager, Food Corporation of India, Regional Office, Andhra Pradesh and the investors were present. According to these orders out of the storage charges of Rs.1.27 ps/per bag/per month, investors would get as Rs 0.93 ps/per 50kg bag/per month towards rent Rs.0.60 ps and Rs.0.33 ps per 50 kg bag/per month as the preservation and maintenance charges and A.P. State Warehousing Corporation would retain Rs.0.34 ps/per 50 kg bag/per month. The Managing Director of A.P.SWC in the letter 2nd read above has informed that the Corporation is paying Rs.0.90 ps/per bag/per month instead of Rs.0.93 ps/per bag/per month as the rentals payable to the investors would be Rs.0.57 ps/per bag/per month instead of Rs.0.60 ps/per bag/per month as per the agreement relating to Seven Year Guarantee Scheme (SYGs). Thus the investors are being paid Rs.0.90 ps/per bag/per month out of the amount of Rs.1.27 ps/per bag/per month by A.P.SWC. The Managing Director, A.P. State Warehousing corporation has further requested cancellation of G.O.1st read above as the same is not in tune with the agreements specifically entered into between A.P.SWC and investors under SYGs.

2. While things stood thus, the Managing Director, A.P. State Warehousing Corporation has informed that the Food Corporation of India has settled the arrears payable to A.P.SWC under SYGS at Rs.1.79 ps/per 50 kg bag/per month w.e.f. 1.4.2002 and this amount will be paid by F.C.I once the connected Writ Petitions pending in A.P. High Court are withdrawn. It is further informed that the investors are insisting to finalise their share of arrears before the withdrawal of connected W.Ps. The Managing Director has also informed that demand of investors to allow apportionment of arrears between A.P.SWC and investors at the ratio of 27: 73 cannot be accepted as per the specific agreements entered into between A.P.SWC and investors under SYGS. According to A.P.SWC, the investors are eligible to get Rs.1.04 ps/per 50 kg bag/per month (Rs 0.60 ps towards rentals + Rs.0.44 ps towards preservation and maintenance charges). Thus a stalemate has arisen in settlement of arrears relating to SYGS.

3. The Warehouse Owners Association has insisted for early settlement of the dispute to enable them to enter rehiring agreements and to ensure smooth conduct of ongoing procurement operations. In order to resolve the stalemate, a meeting was held in the chamber of Hon'ble Minister for Finance on 26.02.2011 in which, the Hon'ble Minister of Marketing and Warehousing officials and representatives of Warehouse Owners Association were present. The Warehouse Owners Association representatives have stated that even according to the preservation and maintenance agreement between A.P.SWC and them the preservation and maintenance charges work out to 32% whereas A.P.SWC is paying only 26% by which they are losing Rs.0.06 ps per 50 kg bag/ per month.

4. After detailed deliberations and as A.P.SWC is losing heavy amounts towards Bank interest on the arrears of nearly Rs.99 crores held back by the FCI and in order to ensure smooth conduct of on going procurement operations it has been agreed that the investors would be paid Rs.1.10 ps. per 50 kg. bag/ per month i.e. Rs.0.60 ps towards rentals and Rs.0.50 ps towards preservation and maintenance per bag/per month from out of the Rs.1.79 ps/per 50 kg bag/per month w.e.f. 1.4.2002.

5. Accordingly, Government after careful examination of the issue and keeping in view that the Hon'ble High Court of A.P. has permitted withdrawal of connected Writ Petitions and in order to resolve the deadlock in sharing arrears between A.P.SWC and Investors, and to remove the ambiguity in sharing of arrears between A.P.SWC and the investors hereby cancel the orders issued in the G.O. 1st read above and also agree for sharing of arrears under SYGS period at Rs.1.10 ps and Rs.0.69 ps between the investors and A.P.SWC per month/ per bag respectively. Since, an amount of Rs.0.90 ps has already been paid to the investors by A.P.SWC, the investors would get Rs.0.20 ps/per bag/per month from out of the arrears of Rs 0.52 ps/per bag/per month being received from FCI and the balance will go to A.P.SWC.

P.T.O.

6. The Managing Director, A.P.SWC is requested to take further action in the matter accordingly and report compliance.

7. This order issues with the concurrence of Finance (Expenditure) Agriculture and Cooperation Department vide their U.O. Note No12948/214/A2/EAC/2011,dt.30.5.2011.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

K.R. KISHORE
PRINCIPAL SECRETARY TO GOVERNMENT

To

The Managing Director, A.P. State Warehousing Corporation, Hyderabad.

The General Manager, Food Corporation of India (A.P. Region), 3rd Floor HACA Bhavan,
Opp.Public Gardens, Hyderabad.

The President, Warehousing Owners Association, Sairam Residency, 502/10-1-876 & 883,
Chinthal Basthi, Khairatabad, Hyderabad.

The Regional Manager, Central Warehousing Corporation, Hyderabad.

The P.S. to Additional Secy. to CM.

The O.S.D. to Minister (Mktg. & WH).

The P.S.to Prl. Secy. to Government (C&AM).

SF/SC.

// FORWARDED::BY ORDER //

SECTION OFFICER